

F. A.Q.

STATE OF INDIANA-DLGF GUIDANCE FOR REVIEW

SCHOOL BUILDING PROJECT FINANCING MAY 2005

- Q.** Why did the Department of Local Government Finance issue guidance on project financing?
- A.** The DLGF wrote the Guidance for Review of School Building Project Financing in response to Governor Daniels Executive Order 05-19 directive to impose a 120 day moratorium on school building project financing. During this time, the DLGF developed the guidance to facilitate its review of project financing.
- Q.** When does the Moratorium end?
- A.** The moratorium ends the day the Guidance is complete, or May 19, whichever occurs first.
- Q.** How many school corporations were affected by the moratorium?
- A.** School officials who have petitioned the DLGF during the moratorium will have their project heard within the normal three month period.
- Q.** Why is the guidance so broad? I thought it would be more specific as far as providing numbers for building size or cost.
- A.** The DLGF recognizes the fact schools across the State of Indiana have differing needs and would not operate effectively under one set of standardized plans. It is the responsibility of the school board to determine the appropriate building size and cost in the district. School buildings reflect the leadership and culture of a particular district.
- Q.** Was there a committee formed to develop the guidance?
- A.** No, there was not a committee. However, the DLGF met with school representatives, architects, and other state agencies to discuss the guidance.
- Q.** What does the DLGF hope to accomplish with the guidance?
- A.** The DLGF hopes to have a better understanding of a school's financial picture, academic success and long-term plans to make a more informed decision regarding school construction financing.
- Q.** How many control board members are there and what is their responsibility?
- A.** Currently, there are seven members representing the areas of K-12 education, higher education, school administration, business, finance, engineering, and architecture. Their primary responsibility is to make a recommendation to the commissioner on debt service projects.

- Q.** Will the issuance of guidance speed up the DLGF's review process?
- A.** Yes, having data readily available should assist the DLGF in determining the merits of a project in a more timely manner. The DLGF plans to continue pursuit of mechanisms to further expedite the process.
- Q.** Will the DLGF analyze a school's financial information?
- A.** Yes, to a certain extent. The DLGF will look at a school's financial report and information concerning operating costs associated with the project under construction.
- Q.** What kind of data is the DLGF gathering?
- A.** The DLGF is gathering data on enrollment, tax rate impact, project costs, amortization information, project description(s), procedural information, program analysis, capacity in classrooms and other miscellaneous information.
- Q.** Does the DLGF have a database of information?
- A.** The DLGF has developed and continues to develop a database of information pertaining to school construction projects. Minimal historical information exists and continued development of a database provides valuable information concerning school building financing in the state for use in regional and national comparisons.
- Q.** Will the new format add time to the process?
- A.** No. The DLGF has a responsibility to approve, modify or deny a project within three (3) months. Should it become necessary, an extension of three (3) months is allowable under statute.
- Q.** Isn't the DLGF creating more work for school corporations?
- A.** The DLGF does not believe so. The revised Hearing Information Sheet will allow the DLGF to have a better understanding of the school corporation's total project and its impact on taxpayers. Much of the information requested is readily available.
- Q.** Shouldn't school corporations be able to pursue projects that they feel best serves its patrons?
- A.** Yes, but the DLGF and School Property Tax Control Board have a statutory responsibility to decide the merits of a project.
- Q.** Are you automatically denying any construction of athletic facilities?
- A.** No. What it does mean is those projects will be subject to greater scrutiny to ensure academic needs are being met and the addition of the athletic facilities is warranted.